

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Continue  
Implementation and Administration, and  
Consider Further Development, of  
California Renewables Portfolio Standard  
Program.

Rulemaking 15-02-020  
(Filed February 26, 2015)

**COMMENTS OF AGRICULTURAL ENERGY CONSUMERS ASSOCIATION  
REGARDING ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING  
SUPPLEMENTAL COMMENT ON INTERCONNECTION ISSUES  
RELATING TO THE BIOENERGY FEED-IN TARIFF UNDER THE  
CALIFORNIA RENEWABLES PORTFOLIO STANDARD AND STATING  
INTENTION TO TAKE OFFICIAL NOTICE OF DOCUMENTS**

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May 25, 2016

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The Agricultural Energy Consumers Association (“AECA”) files these Comments pursuant to the Administrative Law Judge’s (“ALJ”) Ruling Requesting Supplemental Comment on Interconnection Issues Related to the Bioenergy Feed-in Tariff Under the California Renewables Portfolio Standard and Stating Intention to Take Official Notice of Documents (“ALJ’s Ruling”). AECA is a nonprofit organization representing the energy interests of California agriculture. AECA was founded in 1991 by growers and other members of the agriculture community concerned about electric costs.<sup>1</sup> AECA also represents the interests of the state’s leading dairy digester developers.

**I. Introduction.**

The ALJ’s Ruling requests supplemental comments regarding the Bioenergy Association of California’s (“BAC”) proposal, which is focused on “the process of interconnection for

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<sup>1</sup> AECA represents the collective interests of the state’s leading agricultural associations, including California Citrus Mutual, Western Growers Association, California Grape and Tree Fruit League, Milk Producers Council, California Dairies, Inc., California Poultry Federation, Almond Hullers and Processors Association, California Grain and Feed Association, Agricultural Council, Western Agricultural Processors Association, and California Cotton Ginners and Growers Association. AECA also works on behalf of the combined interests of several county farm bureaus and more than forty agricultural water districts. AECA’s membership is broad based, reflecting family farmers from Redding in the north to San Diego in the south, who grow crops ranging from alfalfa to walnuts. Through its members and membership associations, AECA represents in excess of 40,000 California agricultural producers. Many of our members are vertically integrated and as a result, AECA also represents the interests of numerous food and fiber processing operations located throughout California.

BioMAT projects using fuel consisting of byproducts of sustainable forest management.”<sup>2</sup> These projects are often referred to as “Category 3” projects.

As a group representing agricultural interests, AECA’s membership includes a significant dairy component (it does not focus on forest management issues). Accordingly, in these comments, AECA responds to the two questions in the ALJ’s Ruling that directly relate to AECA’s dairy and dairy-related members. AECA (1) recommends that the BAC interconnection proposal be applied to the entire BioMAT program (Question 5) and (2) identifies BioMAT tariff changes that would be required to implement the BAC proposal (Question 8).<sup>3</sup>

## **II. The BAC Interconnection Proposal Should Be Applied to the Entire BioMAT Program (Question 5).**

Dairy and other agriculture projects fueled by biogas derived from the anaerobic digestion of dairy waste and other substrates (*i.e.*, “Category 1 and 2” projects) have the potential to make a substantial contribution toward achieving the state’s clean energy and greenhouse gas (“GHG”) emissions reduction goals. The California Air Resources Board (“CARB”) is seeking to achieve a 75 percent reduction in methane from dairy manure management by 2030.<sup>4</sup> Based on CARB’s own calculations, such a reduction will require the installation of 500 or more dairy digesters in the state. Accordingly, removing key barriers and obstacles to their installation is necessary to facilitate this important expansion of projects.

Currently, the BioMAT program is not working for Category 1 and 2 dairy projects, to the detriment of state clean energy and GHG reduction goals. Modifications to interconnection rules, consistent with what BAC has proposed, as applied to the entire BioMAT program, would make it possible for at least some dairy projects to participate in BioMAT, as envisioned by the Legislature when it authorized the BioMAT program (through Senate Bill 1122). The Staff Proposal for implementing the Governor’s Proclamation of a State of Emergency (October 30, 2015) states that the BioMAT requirement to have a completed Interconnection Study means that a project must also maintain an active position in the interconnection queue (*i.e.*, have an active BioMAT queue number).<sup>5</sup> This approach has proven infeasible for projects – such as dairy biogas projects – that have to wait for price increases in order to participate in BioMAT. Dairy

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<sup>2</sup> ALJ’s Ruling, p. 3.

<sup>3</sup> AECA reserves the right to address these and other questions in reply comments, as appropriate.

<sup>4</sup> CARB Proposed Short-Lived Climate Pollutant Reduction Strategy (April 2016), *see, e.g.*, pp. 7, 66.

<sup>5</sup> ALJ’s Ruling, February 12, 2016, Attachment A, p. 4.

biogas projects may have to wait up to a year (or longer) before the price increases to a point that they may accept.

During that waiting period, well before a project proponent even knows if it will have a Power Purchase Agreement (“PPA”), it has to pay a security deposit in the amount of 30% of total interconnection costs, which could add up to hundreds of thousands of dollars.<sup>6</sup> For some dairy biogas projects, the investor owned utilities (“IOU”) have required payment of 100% of the security deposit – potentially millions of dollars, soon after completion of an interconnection study and prior to the start of construction of network upgrades, or the distribution provider’s interconnection facilities or distribution upgrades.<sup>7</sup>

Many dairy biogas projects waiting for an economic PPA through the BioMAT program may potentially be eliminated from the BioMAT queue because they cannot afford to post, pre-construction, the 100% security deposit required by the IOUs to maintain the project’s position. This is a draconian result for dairy projects that are not financially viable until they have a PPA, and also do not have any assurance that the BioMAT price will ever increase to the level their projects require to accept a PPA. Further, requiring that a dairy project maintain its position in the interconnection queue while it waits for price increases creates artificial roadblocks for other projects in line behind it. BAC’s proposal to allow projects to drop out of the Rule 21 interconnection queue (and defer payment of 100% of the security deposit), but still participate in BioMAT (and re-enter the interconnection queue when they are viable), would decrease the risk of non-viable projects taking up positions in the queue and would allow dairy biogas projects a realistic path to BioMAT participation tied to financial viability, which in turn is based on sufficient pricing and a PPA. Alternatively, for small generator interconnection agreements, the Commission should instruct the IOUs to require the 100% final security deposit *only* upon notification of the start of construction activities, and not before.

### **III. BioMAT Tariff and PPA Changes Required to Implement the BAC Interconnection Proposal (Question 8).**

As discussed herein, AECA supports the BAC interconnection proposal and requests that the Commission adopt it for all categories of the BioMAT program. To accomplish this, the BioMAT PPA and tariff should be revised to remove the requirement that a project maintain an active interconnection queue position. Applicants who choose not to maintain an active

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<sup>6</sup> Rule 21, Section F.4.c.

<sup>7</sup> Rule 21, Section F.4.d.

interconnection queue position should be required to file an updated interconnection study upon accepting and prior to executing a PPA. Paragraph 5 of the Eligibility section of the BioMAT tariff (using PG&E's as a template) should be modified as follows:

Interconnection Study/Strategically Located: An Applicant must have passed the Fast Track screens, passed Supplemental Review, completed a PG&E System Impact Study I the Independent Study Process, completed a PG&E Distribution Group Study Phase 1 Interconnection Study in the Distribution Group Study Process, or completed a PG&E Phase 1 Study in the Cluster Study Process for its Project (Interconnection Study), or make use of an existing interconnection agreement to the extent permitted by PG&E's tariff. If an Applicant does not maintain an active interconnection queue position, then it must, upon accepting a PPA price, complete an updated Interconnection Study, and provide it to PG&E prior to executing a PPA. Alternatively, provided the Applicant has posted the Initial Financial Security Deposit, the IOUSs will allow Applicant to maintain an interconnect queue position and post the remaining (up to 100%) final security deposit only upon notification of the start of construction activities, and not before.

#### **IV. Conclusion.**

AECA appreciates the Commission's consideration of these comments, and respectfully requests that the Commission adopt BAC's interconnection proposal for the entire BioMAT program.

DATED: May 25, 2016

AGRICULTURAL ENERGY CONSUMERS  
ASSOCIATION

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## VERIFICATION

I am the Executive Director of the Agricultural Energy Consumers Association (AECA) and am authorized to make this verification on behalf of AECA. I have read the attached Comments of AECA Regarding Administrative Law Judge's Ruling Requesting Supplemental Comment on Interconnection Issues Related to the Bioenergy Feed-in Tariff Under the California Renewables Portfolio Standard and Stating Intention to Take Official Notice of Documents. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 25, 2016, at Sacramento, California.

/s/ Michael Boccadoro

Michael Boccadoro

Executive Director

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